

DIAMOND K

M/015/041

January 19, 2000

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JAN 27 2000

DIVISION OF
OIL, GAS AND MINING

D. Wayne Hedberg
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
P. O. Box 145801
Salt Lake City UT 84114-5801

Re: Review of Amendment Response, Diamond K Gypsum, Inc.(DKG), DKG Quarry,
M/015/041 (UTU-69860) Emery County, Utah

Dear Mr. Hedberg:

This letter is response to the Divisions October 28, 1999 letter of review clarification you requested.

R647-4-104 – Filing Requirements and Review Procedures

We are sorry for the delay in answering to this review, but we were unable to meet the December 20, 1999 deadline because of a situation that caused Phillip to be hospitalized for a long period of time over the last 5 months.

R647-4-106 – Filing Requirements and Review Procedures

106.3 Estimated acreages disturbed, reclaimed, annually.

Yes, this is true. The haul road is included in the disturbed area with exception of this small access road off the Moore Road.

We also agree as to the haul road remaining unreclaimed for access to the next block to be mined until access to the last area of mining is no longer needed. At that time final reclamation would be completed.

We have no problem with Paragraph 4, your calculation to include a figure of 2.6 acres of main access road to be allocated over the years of active mining. We realize that the current road acreage is approximately 1 acre, but will expand as time goes on.

In Paragraph 4 of 106.3, we think this is reasonable in the long term mining plan. However, Area B has been reclaimed and reseeded with the BLM recommendation of mixture seed twice and we have seeded with our own mixture twice as well as transplanted grasses. It's showing good growth and has been over a period of three years



and it is of our opinion that close attention should be taken to releasing that initial 3.32 acres.

R-647-4-113 – Surety

Due to the good faith effort Diamond K has extended into reclaiming the Area B 3.32 acres, we feel due consideration should be made in releasing that, therefore reducing the bond amount. Please take this under consideration and let us know if you deem this acceptable.

Thank you for your attention and patience, awaiting the answer to this review.

Sincerely,

A handwritten signature in cursive script that reads "Karen Palmer".

Karen Palmer
Vice President

cc: Dean Nyffeler